

U.S.-Panama Trade Promotion Agreement

Market Access Results

Lumber and Wood

Trade and Tariffs

Chapter 44 of the Harmonized Tariff System defines the lumber and wood sector.

Lumber and wood products accounted for less than 1 percent of U.S. industrial exports to Panama in 2006, totaling \$4.6 million. The top U.S. exports in this sector were wooden clothes hangers, treated wood, coniferous and non-coniferous cut wood, and casks and barrels. Panamanian tariffs range between zero and 15 percent, with an average of 6.5 percent.

Panamanian exports to the United States in this sector totaled over \$5.1 million in 2006, or 2.6 percent of Panama's industrial exports to the United States. Top Panamanian exports to the United States were parquet panels, wooden doors, shaped wood, and builders' joinery. The U.S. tariffs range between zero and 8 percent with an average of 5.2 percent. All Panamanian exports in this sector enter the United States duty-free under the Caribbean Basin Economic Recovery Act (CBERA) and Caribbean Basin Trade Promotion Act (CBTPA) tariff preference programs.

Tariff Elimination

Tariffs will be phased-out according to four tariff elimination categories: immediate elimination; linear cuts over five years; linear cuts over ten years; and nonlinear cuts over ten years. Tariff elimination under the nonlinear ten-year staging category will proceed with a 3 percent cut in the tariff in years one and two, a 5 percent cut in years three through six, an 18 percent cut in years seven and eight, and a 19 percent cut each in years nine and ten.

For lumber and wood products, 78 percent of U.S. industrial exports will receive duty-free treatment immediately upon implementation of the Agreement, and tariffs on 9.5 percent of exports will be eliminated over five years. Tariffs on the remaining 11.6 percent of exports will be eliminated over ten years.

Tariffs on high-value priority wood products including treated wood, casks and barrels, fiberboard, and some sawn wood will be eliminated immediately upon implementation of the Agreement.

The United States agreed to consolidate all CBERA and CBTPA tariff preferences into the final tariff elimination schedule, therefore all lumber and wood exports from Panama will continue to receive duty-free treatment.